



MEMORANDUM

To: Department Directors and Elected Officials
Cc: Department Finance Managers
From: Mollie Anderson, Director, Iowa Department of Administrative Services
Date: March 20, 2008
Subject: **Changes in DAS-GSE Utility Fees for Remainder of FY2008**

On March 14, 2008, the DAS-GSE Customer Council approved three rate changes to utility fees for the remainder of FY2008. Two utility fees will decrease while one – for the fund associated with snow removal – will slightly increase. These changes were deemed necessary to more accurately align revenue and expenses. Included with this memo is an attachment that breaks down the changes for each agency.

Change #1 – Rate Reduction in [Purchasing](#) Utility Fee

- The utility fee charged for Purchasing will be decreased by a total of \$200,000 for the remainder of FY2008, reflected in March through June 2008 billings. (Please note that this is in addition to the \$300,000 reduction approved last November.)
- This decrease is due to rebates received from vendors for exceptional participation rates by state agencies, as well as counties, cities and school districts who also purchase off these contracts.
- The fee reduction for each agency is based on actual usage of master contracts. See the attachment for your exact figures.

Change #2 – Rate Reduction in [Fleet – Risk Management](#) Utility Fee

- The utility fee for Fleet – Risk Management (Self Insurance) will be decreased by approximately \$136,000 total. The decrease will be reflected in the May and June 2008 billings. The exact reduction is dependent on the level of fleet vehicle usage during that time.
- This decrease is due to the low amount of claims filed for state vehicles so far this fiscal year.
- The fee reduction is \$24.00 per vehicle; customer agencies will simply not be charged the self insurance fee in May and June. Savings for each agency is based on usage levels of state fleet vehicles, i.e. those who use fleet vehicles will see the decrease. See the attachment for your estimated figures, based on current vehicle usage.

Change #3 – Rate Increase in [Association Fee](#) Utility Fee

- The overall utility fee for Association Fees will be increased by about \$75,000. The temporary increase will be reflected in the May and June 2008 billings.

- This increase is due to the extreme winter we've had in Iowa, and the amount of snow and ice removal DAS Capitol Complex Maintenance has undertaken this winter season. The DAS-CCM operating budget is \$75,959 above last year's operating budget of \$70,000 as a result of maintenance staff overtime and additional supplies and materials such as salt, sand and ice melt.
- The fee increase amount for each agency is commensurate with the amount of office space square footage each agency is billed for. For the months of May and June 2008 only, the rates will increase \$0.02987/sq. ft. – from \$3.10/sq. ft. to \$3.12987/sq. ft. As of July 1, 2008, the rates will return to the already-approved FY09 association fee rate of \$3.10/sq. ft. See the attachment for your exact figures for the temporary increase.

The Department of Administrative Services strives to keep our rates as low as possible. We regret that this winter caused an unexpected increase in operating expenses, but we are happy to pass along the other two rate reductions. Please note that these rate changes are only for the remainder of FY2008. For FY2009 utility rates, effective July 1, 2008, please review the materials generated and distributed last year, available online at http://das.iowa.gov/services_rates/index.html.

Please do not hesitate to contact Ray Walton, DAS-GSE Chief Operating Officer, if you have any questions about these changes (Ray.Walton@iowa.gov or 515-281-3273). If you have questions specific to billing issues regarding these rate changes, please contact Lana Morrissey, DAS Chief Financial Officer (Lana.Morrissey@iowa.gov or 515-281-6703).